

BEFORE THE  
ILLINOIS COMMERCE COMMISSION

IN THE MATTER OF: )  
 )  
TELEFONIA USA, INC. )  
 ) No. 11-0051  
Application for a Certificate )  
of Local Exchange, )  
Interexchange and Wireless )  
Authority to Operate as a )  
Reseller of Telecommunications )  
Services in the State of )  
Illinois. )

Chicago, Illinois  
February 17, 2011

Met pursuant to notice at 11:00 a.m.

BEFORE:  
MS. SOYNA TEAGUE, Administrative Law Judge.

APPEARANCES :

WINSTON & STRAWN, LLP, by  
MS. EMILY J. DUGGAN  
1700 K Street, NW  
Washington, DC 20006  
appeared for Applicant,  
telephonically;

1 APPEARANCES: (Continued)

2

MS. KAREN CHANG

3 527 East Capitol Avenue

Springfield, Illinois 62701

4 appeared for Commission Staff,  
5 telephonically.

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SULLIVAN REPORTING COMPANY, by

17 Teresann B. Giorgi, CSR

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I N D E X

<u>Witnesses:</u>	<u>Dir.</u>	<u>Crx.</u>	<u>Re- dir.</u>	<u>Re- crx.</u>	<u>By Examiner</u>
Joanne Romano	--	5			7

E X H I B I T S

<u>APPLICANT'S</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
A through I	-----	13

1 JUDGE TEAGUE: Pursuant to the direction of  
2 the Illinois Commerce Commission, I now call  
3 Docket No. 11-0051, Telefonía USA, Inc. This matter  
4 concerns an application for a certificate of local  
5 exchange, interexchange and wireless authority to  
6 operate as a reseller of telecommunications services  
7 in the State of Illinois.

8 Ms. Duggan, it's my understanding that  
9 you are appearing on behalf of the applicant. Can  
10 you please state your full name and your office  
11 address for the record.

12 MS. DUGGAN: Sure.

13 Good morning, Judge. My name is  
14 Emily J. Duggan. I'm at Winston & Strawn, LLP. My  
15 office address is 1700 K Street, NW, Washington, DC  
16 20006.

17 At this time, Judge, may I ask to  
18 appear pro hac vice for the limited purpose of this  
19 application?

20 JUDGE TEAGUE: Sure. What state are you  
21 licensed in?

22 MS. DUGGAN: Virginia.

1 JUDGE TEAGUE: And is it your understanding that  
2 Virginia has a reciprocal agreement to practice in  
3 Illinois and vice versa for attorneys?

4 MS. DUGGAN: Yes.

5 JUDGE TEAGUE: Okay. And you're in good  
6 standing?

7 MS. DUGGAN: Yes, I am.

8 JUDGE TEAGUE: Your motion is granted.

9 MS. DUGGAN: Thank you.

10 JUDGE TEAGUE: And, Ms. Chang, it's my  
11 understanding that you're appearing on behalf of  
12 Commission Staff. Can you please state your full  
13 name and your office address.

14 MS. CHANG: Yes, your Honor.

15 My name is Karen Chang. I am Staff  
16 for Illinois Commerce Commission. My office is  
17 located at 527 East Capitol Avenue, Springfield,  
18 Illinois 62701.

19 JUDGE TEAGUE: At this time, Ms. Duggan, would  
20 you like to call your witness?

21 MS. DUGGAN: Yes, your Honor.

22 Our witness is Joanne Romano, who is

1 the secretary for Telefonía USA, Inc.

2 JUDGE TEAGUE: Okay.

3 (Witness sworn.)

4 JUDGE TEAGUE: Ms. Duggan, please proceed with  
5 any direct examination you may have.

6 MS. DUGGAN: I do not have any direct  
7 examination questions, your Honor.

8 JUDGE TEAGUE: Okay. Ms. Chang, do you have any  
9 questions for the witness?

10 MS. CHANG: I have a couple questions for  
11 Ms. Romano.

12 JOANNE ROMANO,  
13 called as a witness herein, and after having been  
14 first duly sworn, was examined and testified as  
15 follows:

16 CROSS-EXAMINATION

17 BY

18 MS. CHANG:

19 Q Ms. Romano, have you been a treasurer --  
20 I'm sorry -- secretary for Telefonía USA, Inc.?

21 A I have been the secretary since 2007.

22 Q Okay. Are you familiar with the financial

1 information filed in this docket?

2 A Yes.

3 Q Okay. Ms. Romano, in your knowledge, is  
4 there any significant change for the condition of  
5 Telefonica USA, Inc., since this financial  
6 information that I reviewed in this application?

7 A No, there is not.

8 MS. CHANG: Judge Teague, that is only question  
9 I have.

10 JUDGE TEAGUE: Okay. I have a few questions.

11 EXAMINATION

12 BY

13 JUDGE TEAGUE:

14 Q Can you please describe the nature of the  
15 service Applicant is requesting authority to provide  
16 in Illinois?

17 A The services that we're requesting to  
18 provide is limited to, you know, the resale of  
19 interexchange and local exchange services as well as  
20 mobile services, resale.

21 Q And can you explain how the Applicant will  
22 handle service problems?

1       A       Service problems will be handled -- just  
2 one minute, I'm just referring to my notes.

3                   The service problems will be handled  
4 in accordance with the individually negotiated  
5 agreements.

6       Q       Okay. With the customers.

7       A       Yes.

8       Q       Which will involve you working with your  
9 underlying carriers.

10      A       That's right.

11      Q       Is the Applicant aware of and intent to  
12 adhere to all federal and state laws and regulations  
13 pertaining to slamming and cramming?

14      A       Yes.

15      Q       Okay. Can you briefly describe the  
16 procedure that will be used to protect customers  
17 from slamming and cramming?

18      A       Could you clarify the question?

19      Q       Oh, I just wanted to know what procedures  
20 the company is going to prevent the slamming and  
21 cramming. You know, most companies have some policy  
22 in place that they're going to use to make sure that



1 doesn't happen.

2       A       We would have policies in place, but given  
3 the nature of the types of services that we provide  
4 which are limited to privately negotiated agreements  
5 with business entities and not with individual  
6 consumers, the risk of those things is limited.

7       Q       And does the Applicant plan to do business  
8 under an assumed name or doing business as name in  
9 Illinois?

10      A       Telefonia USA, Inc.

11      Q       So, no. Okay.

12                   And does the Applicant have -- or has  
13 the Applicant had any complaints or judgments levied  
14 against it in Illinois or any other jurisdiction in  
15 this or another name?

16      A       No, we have not.

17      Q       And it's my understanding the Applicant  
18 plans to keep its books and records in Florida.  
19 Will the Applicant notify the Commission if there's  
20 a change in location of those books and records?

21      A       Yes, we will.

22      JUDGE TEAGUE: Okay. I have no further

1 questions.

2                   Ms. Duggan, do you have any additional  
3 questions?

4           MS. DUGGAN: No, your Honor.

5           JUDGE TEAGUE: Ms. Chang, does Staff have a  
6 recommendation with regard to this application?

7           MS. CHANG: Yes, your Honor.

8                   Staff reviewed the application and the  
9 resumes of the officers as well as their financial  
10 information. Staff feels like Telefonía USA, Inc.,  
11 has sufficient managerial, financial as well as  
12 technical background to support this operation as  
13 reseller of interexchange and local exchange  
14 services in Illinois.

15          JUDGE TEAGUE: And wireless?

16          MS. CHANG: And wireless.

17          JUDGE TEAGUE: The next order of business would  
18 be to admit the Applicant's Exhibits into the  
19 record. These documents were previously filed on  
20 the Commission's e-Docket system along with the  
21 application.

22                   Ms. Duggan, on January 18th you filed

1 a motion for confidential and proprietary treatment  
2 of the unaudited financial statements submitted by  
3 the Applicant for a period of two years, correct?

4 MS. DUGGAN: That's correct, your Honor.

5 JUDGE TEAGUE: And I assume you'd like to  
6 include a motion for similar treatment of the bank  
7 statements for 2011 that were filed on e-Docket on  
8 February 15th.

9 MS. DUGGAN: That's correct, your Honor.

10 JUDGE TEAGUE: Okay. Does Staff have an  
11 objection?

12 MS. CHANG: Staff has no objection, your Honor.

13 JUDGE TEAGUE: Then the motion is granted and  
14 all such information will be kept confidential and  
15 proprietary for a period of two years.

16 I'd like to mark the Applicant's  
17 certificate to transact business in Illinois as  
18 Exhibit A.

19 The Applicant's Articles of  
20 Incorporation and merger documents as Exhibit B. I  
21 will also include the Articles of Amendment to the  
22 Articles of Incorporation and the joint written

1 consent of the sole shareholder and the board of  
2 directors filed on e-Docket on February 15th as part  
3 of Exhibit B.

4                   The profiles of the key management  
5 personnel as Exhibit C.

6                   The organizational chart as  
7 Exhibit D.

8                   The confidential and proprietary  
9 unaudited income statement and balance sheets of the  
10 company for the years ended 2008 and 2009 as  
11 Exhibit E. And I'll also include the confidential  
12 and proprietary bank statement for 2011, filed on  
13 e-Docket on February 15th as Exhibit E.

14                   The un- -- the audited financial  
15 statements of Telefonía SA and its subsidiaries for  
16 year ended 2009 as Exhibit F.

17                   And the chart of accounts as  
18 Exhibit G.

19                   The SEC Form 20F of Telefonía SA for  
20 the year ended 2009 as Exhibit H.

21                   And the UTAC and ITAC membership  
22 applications filed on e-Docket on February 10th as

1 Exhibit I.

2 Ms. Duggan, are you moving for the  
3 admission of these exhibits into evidence?

4 MS. DUGGAN: Yes, your Honor.

5 JUDGE TEAGUE: Ms. Chang, does Staff have any  
6 objection to the admission of these exhibits?

7 MS. CHANG: Staff has no objection, your Honor.

8 JUDGE TEAGUE: Okay. Then the motion is granted  
9 and Applicant's Exhibits A through I are admitted  
10 into evidence.

11 (Whereupon, Applicant's  
12 Exhibits A through I were  
13 admitted into evidence.)

14 JUDGE TEAGUE: Ms. Duggan, do you have anything  
15 else that you'd like to offer in support of the  
16 application?

17 MS. DUGGAN: No, thank you, your Honor.

18 JUDGE TEAGUE: Okay. At this point I'll direct  
19 the court report to mark this matter heard and taken  
20 and I'll have an order prepared for the Commission's  
21 consideration at the earliest possible time.

22 HEARD AND TAKEN